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April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of Milestone Communications, LP, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I operate an independent cable company that serves customers in numerous smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will try to force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Company background

Milestone is a small MSO established in 1992 that owns eight systems in three eastern states. Our average headend size is approximately 400 customers. We are expecting to provide internet services in our two largest systems (700 customers each) in the next twelve months. We provide valuable services to our highly rural, older demographic customer. We employ local personnel in our systems, pay property taxes and participate in our communities.

Milestone has invested in upgrading our systems to compete with DBS and provide customers more choice. DBS competition has been a strong competitor in our markets, taking subscribers and making it difficult to increase rates. At the same time, programming costs have increased far ahead of inflation. I estimate that programming costs have increased by more than 10% per year for each of the last five years.

The broadcasters' demands for several more dollars per month presents a major problem. For example, broadcasters in some of our markets are already receiving payment for the last round of retransmission consent negotiations (over \$.40/month/subscriber in one market affecting two of our systems which represent nearly 30% of our subscribers). I have not been approached yet this year, but the indication is that there will be greater demands from more broadcasters this year. Because our margins are already stretched thin, we have no choice but to pass this cost onto our customers. They will be angry. Some will drop our service. Those that do not will have to pay up to several dollars more for basic cable. If we lose customers our margins will drop further and our ability to generate cash flow to pay for the rollout of high speed internet will be negatively impacted.

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In some of my markets, I believe this will work to lower the cost of retransmission consent for my customers.

First, in some markets, I know that I could obtain network programming at a most likely lower cost or no cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I may be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my markets, broadcasters' demands will cost my company and our subscribers at least \$126,000 per year, assuming all major broadcaster network stations in our markets charged \$.75/month/subscriber.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide one channel dedicated to local information on most of our cable systems. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands

of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get a "price" that fairly reflects the value of the signal. Please act on ACA's Petition as soon as you can.

Sincerely,

_____/s/_____
Michael W. Drake
President